

BNP PARIBAS AND THE PRESERVATION OF BIODIVERSITY

Executive summary

The scientific community keeps emphasising that biodiversity and ecosystems are currently being degraded at an exceptional and worrying rate; among others, IPBES (Intergovernmental Platform on Biodiversity and Ecosystem Services) summarised it clearly in its summary report in 2019.¹ To fight against this degradation of biodiversity, preserve it and even restore it as much as possible, ambitious actions by all stakeholders (public authorities, citizen-consumers, businesses, scientists and NGOs) are necessary and financial institutions have a role to play.

BNP Paribas is convinced that biodiversity-related risks and opportunities are significant and has been committed to preserving biodiversity for several years: inclusion of criteria relating to deforestation and biodiversity in its financing and investment policies since 2012, dialogue with customers in the most sensitive sectors, development of product and service relying on nature-based solutions (NBS), act4nature commitments in 2018² (updated in 2021), publication of a Position on ocean protection in 2019, extension to biodiversity of research programs supported by the BNP Paribas Foundation in 2019, etc. BNP Paribas wants to continue this momentum and accelerate its actions in favour of biodiversity.

To structure these actions and understand their impacts, the Group relies on the pressures on biodiversity listed by IPBES in its 2019 report, and mainly the first four: changes in land and sea use, direct exploitation of organisms, climate change and pollution. This assessment framework makes it possible to rely on concrete and diversified indicators, reflecting the multiplicity of challenges in preserving biodiversity.

BNP Paribas implements various levers of action to integrate the preservation of biodiversity at the heart of its businesses:

- reduction of pressures related to the activity of its customers and companies in which the Group invests, through **constructive dialogue and supervision of our credit and investment activities**;
- active support to our clients' efforts to preserve biodiversity, through specific **financial products and services** (SLL, green bonds, etc.);
- **orientation of investments** towards funds aiming at preserving biodiversity;
- reduction of the Group's **direct impacts** on biodiversity.

In addition, the Group is deploying transversal actions, in particular to improve knowledge of impacts on biodiversity and monitoring tools: **supporting R&D, targeted partnerships, raising awareness** among internal and external stakeholders.

¹ For more information: <https://ipbes.net/news/Media-Release-Global-Assessment-Fr>.

² These 2018 commitments were the subject of a review in 2020, which was published in the BNP Paribas Universal Registration Documents for 2020 (on pages 600-601).



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Aware of the degradation of biodiversity, BNP Paribas is committed to preserving it by implementing various action levers

a) Scientific consensus on the massive degradation of biodiversity

According to the Convention on Biological Diversity (art. 2) of the United Nations, “Biological diversity” means the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part: this includes diversity within species, between species and of ecosystems.”³

The scientific community constantly reminds us that biodiversity and ecosystems are currently being degraded at an exceptional and worrying rate. The synthesis report of the Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES)⁴ warned in 2019 that, “Nature is declining globally at rates unprecedented in human history — and the rate of species extinctions is accelerating, with grave impacts on people around the world now likely”. The report estimates that around 1 million animal and plant species are now threatened with extinction, many within decades, more than ever before in human history. **This degradation of biodiversity has repercussions on all human activities.** Thus, current negative trends in biodiversity and ecosystems will undermine progress towards 80% (35 out of 44) of the assessed targets of the Sustainable Development Goals, related to poverty, hunger, health, water, cities, climate, oceans and land (SDGs 1, 2, 3, 6, 11, 13, 14 and 15). Loss of biodiversity is therefore shown to be not only an environmental issue, but also a developmental, economic, security, social and moral issue as well. IPBES President Sir Robert Watson warns that “The health of ecosystems on which we and all other species depend is deteriorating more rapidly than ever. We are eroding the very foundations of our economies, livelihoods, food security, health and quality of life worldwide”.

b) All players have to take biodiversity into consideration, including financial institutions and BNP Paribas in particular

IPBES also asserts that it is not too late to act, but only if we start doing so now at all levels, from local to global. Actions to preserve biodiversity require the commitment of all stakeholders: public authorities, scientists, businesses, financial institutions, NGOs and citizen/consumers.

BNP Paribas' activities and, above all, those of the Group's customers and companies in which BNP Paribas invests have an impact on biodiversity, especially when they operate in certain countries and in certain sectors, such as agriculture, cattle breeding and forestry (especially in relation to palm oil, soya, beef), fishing, extractive industries, etc. **BNP Paribas is aware of these impacts; the Group analyses the risks and opportunities linked to the biodiversity of its activities and those of its customers and the companies in which the Group invests. BNP Paribas is increasingly involved in the preservation of biodiversity.** For the past ten years or so, these efforts have notably materialized by the following actions: actions to fight against climate change, a major pressure on biodiversity, which has been the priority for the BNP Paribas Group in the environmental field since 2011; and then through numerous actions more specific to biodiversity.

In general, **as a company** with nearly 200,000 employees, operating in nearly 70 countries, BNP Paribas decreases **its direct impact** wherever the Group is established. As a **financial institution** with diversified businesses, BNP Paribas supports its **customers and the**

³ The full text of the Convention (1992) is available online: <https://www.cbd.int/doc/legal/cbd-en.pdf>

⁴ For additional information: <https://ipbes.net/news/Media-Release-Global-Assessment-Fr>



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companies in which the Group invests in their efforts to preserve biodiversity. Lastly, as a **committed player**, BNP Paribas supports **R&D** in the field of biodiversity, carries out awareness-raising actions among its internal and external stakeholders and joins forces with key players in **targeted partnerships**.

c) **BNP Paribas uses the pressures listed by IPBES as an assessment framework to analyse impacts on biodiversity and steer its actions**

BNP Paribas relies on the pressures listed by IPBES (classified by decreasing impact on biodiversity at the global level) in order to analyse and manage impacts on biodiversity. Indeed, the report cited above classified, for the first time on such a scale and on the basis of an in-depth analysis of the available data, the five direct factors of change which affect nature and which have the strongest impacts worldwide. These are, in descending order:

- 1) **changes in land and sea use** (e.g. deforestation, soil artificialisation, etc.);
- 2) **direct exploitation** of certain organisms (e.g. overfishing);
- 3) **climate change**;
- 4) **pollution**;
- 5) **invasive alien species**.⁵

These five pressures can be addressed via aggregated indicators (e.g. greenhouse gas (GHG) emissions for climate change) or via relevant indicators for sub-categories (e.g. deforestation or soil artificialisation, atmospheric or aqueous emissions for pollution, etc.). They make it possible to account for the impacts on biodiversity in a concrete way and they integrate the diversity of impacts and the variety of actions required for the preservation of biodiversity.

d) **BNP Paribas aims at taking biodiversity into account in all of its activities and is implementing several actions to do so**

BNP Paribas implements numerous actions to reduce the pressures mentioned above, linked to its own operations and to the activities of its clients and companies in which the Group invests. **BNP Paribas implements various levers of action to integrate the preservation of biodiversity at the heart of its businesses:**

- **Reduction of pressures related to the activity of BNP Paribas clients and companies in which the Group invests:**

BNP Paribas has been working for years to gain a better understanding of and help reduce the negative impacts on biodiversity of the activities of its customers and the companies in which the Group invests. It does so in particular through the inclusion, since 2012, of criteria relating to non-deforestation and biodiversity in the financing and investing policies that govern BNP Paribas' activities in sectors considered sensitive from a biodiversity point of view: agriculture (including cattle breeding and forestry), palm oil, paper pulp, agriculture, mining, etc. The Group is also setting up a reinforced dialogue with its clients working in the most sensible sectors and has embarked on a process of systematic assessment of BNP Paribas' strategic clients according to biodiversity criteria.

The Group's asset management businesses also pursue a policy of stewardship with the companies in which they invest to encourage them to take greater account of the preservation of biodiversity (particularly to fight against deforestation).

⁵ After analyzing the potential impacts of its activities, those of its customers and the companies in which the Group operates, BNP Paribas considers that the first four pressures may be material for the Group. It is more difficult to establish concrete and meaningful links between BNP Paribas and the 5th pressure, concerning invasive alien species.



- **Active support to the efforts of the Group's clients to preserve biodiversity:**

Beyond the restrictive criteria presented above, BNP Paribas seeks above all to support its clients and the companies in which the Group invests in their efforts to preserve biodiversity. BNP Paribas therefore discusses these subjects more and more regularly with its clients and offers them a variety of products and services to facilitate and encourage their actions in this area, among which: financing tools linked to criteria related to biodiversity (green bonds, sustainability-linked loans (SLL), etc.), voluntary carbon credits from projects implementing nature-based solutions (NBS), etc.

- **Orientation of investments towards funds aimed at preserving biodiversity:**

As an investor and asset manager, BNP Paribas ensures that financial flows are gradually directed towards companies and activities that contribute to the achievement of the UN Sustainable Development Goals (SDGs), and in particular to the preservation of aquatic (SDG 14) and terrestrial (SDG 15) biodiversity. This involves several levers: directing savings towards funds partly invested directly in the protection of biodiversity⁶; developing solidarity savings for individuals partly invested in social enterprises fighting for the preservation of biodiversity; investing in funds directly linked to the preservation of biodiversity; developing equity funds targeting companies that have positive impacts on the preservation of the environment, etc.

- **Development of innovative financing tools, combining public and private financing to promote agroecology and agroforestry in emerging countries:**

Rural areas in emerging countries are particularly affected by climate change, deforestation and biodiversity loss. BNP Paribas develops innovative financing systems to facilitate the implementation of projects that tackle these problems. In conjunction with public and private partners, international organizations such as the United Nations Environment Program (UNEP) and local NGOs, BNP Paribas develops programs based on recourse to both public and private funding (blended finance) to support projects reconciling the preservation of biodiversity, mitigation and adaptation to climate change and support for local communities in emerging countries.

- **Preservation of biodiversity within the Group's sites:**

BNP Paribas' most significant impacts on biodiversity are those linked to its activities with its customers and with the companies in which the Group invests. However, the Group, with its nearly 200,000 employees and its establishments in around 70 countries, also has direct impacts on biodiversity, like any human organization. Even if BNP Paribas' direct impacts are quantitatively less important than its indirect impacts (via its customers and the companies in which the Group invests), it is very important to ensure that we also reduce them, in particular because this responds to a strong and growing expectation of its employees and future employees and that it is essential to set an example on such a subject.⁷

In addition, the Group is deploying transversal actions, in particular to improve knowledge on the impacts on biodiversity and develop monitoring tools: supporting R&D, setting up targeted partnerships, raising awareness among internal and external stakeholders.

⁶ Details for S1 2020 are available here: <https://docfinder.bnpparibas-am.com/api/files/2E9EB3A6-4E27-4CEC-825C-B4600E367885>

⁷ For example, there are many initiatives of urban vegetable gardens or beehives managed directly by employees at certain Group sites; similarly, operations intended to plant trees in partnership with local associations regularly take place in various countries where the Group is present.



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BNP Paribas strives to reduce anthropogenic pressures on biodiversity, as listed by IPBES

BNP Paribas strives to reduce the impact on biodiversity of its activities and those of its customers and companies in which the Group invests, by considering them through the filter of pressure from IPBES.

a) Changes in land and sea use: an emphasis on the fight against deforestation and the artificialisation of soils

Across much of the globe, nature has been dramatically altered by multiple human factors, with the vast majority of ecosystem and biodiversity indicators showing rapid decline. 75% of the land surface is significantly altered, 66% of the ocean surface is experiencing increasing cumulative effects, and over 85% (by area) of wetlands have been lost. Deforestation and soil artificialisation linked to the development of cities are two of the major categories of land use change.

Fight against deforestation

While the rate of deforestation has slowed down globally since 2000, it is unevenly distributed. In much of the biodiversity-rich tropical areas, 32 million hectares of primary or recovering forest were lost between 2010 and 2015.

BNP Paribas is working to increase transparency and traceability in the agricultural commodity production and trading sector, in order to better understand and manage the impacts of its activities. These efforts are based in particular on an increased dialogue with the Group's customers and the companies in which BNP Paribas invests, a more systematic analysis of their activities and collective initiatives with other players in the sector to encourage producers and traders in agricultural commodities to adopt best practices.

In view of BNP Paribas's activities, the main levers for action to combat this pressure are as follows:

- **Exclusion of project funding in areas classified for biodiversity, in a few selected sectors** (Agriculture, Palm Oil, Mining, Unconventional Oil & Gas)⁸: sites classified IUCN I-IV, wetlands listed in the RAMSAR Convention, UNESCO World Heritage sites, Alliance for Zero Extinction sites, peatlands, etc.
- **Fight against deforestation in the agricultural commodities sector**: dialogue with customers (producers and traders) to increase the traceability of agricultural commodities, transparency of value chains and ensure that clients financed by BNP Paribas implement the best practices of their sector;
 - BNP Paribas has implemented since 2012 **financing and investment policies** governing its activities in given sectors considered as sensitive from a biodiversity point of view: agriculture (including cattle breeding and forestry), palm oil, paper pulp, mining, unconventional oil and gas⁹; in 2017, the financing and investment policy on palm oil was strengthened to ask customers to commit to respecting the NDPE (No Deforestation, No Peat, No Exploitation) and HCS (High Carbon Stock Approach) approaches;¹⁰

⁸ The full text of the financing and investment policies for these sectors, including these exclusions, is available online: <https://group.bnpparibas/en/financing-investment-policies>.

⁹ For additional information: <https://group.bnpparibas/en/financing-investment-policies>

¹⁰ It can be noted that these financing and investment policies are often viewed positively by specialized external stakeholders, compared to those of other financial institutions. For instance, the Forest500 2019 ranking of financial institutions (<https://forest500.org/rankings/financial-institutions>) places BNP Paribas in first position on all policies covering palm oil, soybeans, beef and leather, and the paper industry. In palm oil in particular, BNP Paribas obtained a score of 49/64, which places the Group in second position in the rating universe. Already in 2017, when the palm oil policy was released, it was hailed by the NGO Mighty Earth: "This policy is a breakthrough in forest-friendly finance" (<https://www.mightyearth.org/finally-real-action-from-big-banks-on-deforestation/>).



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- BNP Paribas commits itself to encourage its customers producing or buying beef or soy from the Amazon and the Cerrado in Brazil to become 'zero deforestation' and to demonstrate transparently their progress. As a result, BNP Paribas will only provide financial products or services to companies (producers, meat conditioners and traders) with a strategy to achieve zero deforestation in their production and supply chains by 2025 at the latest¹¹. In particular:
 - BNP Paribas will not finance customers producing or buying beef or soybeans from land cleared or converted after 2008 in the Amazon.
 - BNP Paribas will encourage its clients not to produce or buy beef or soybeans from cleared or converted land in the Cerrado after 1st January 2020, in line with global standards.
 - For all its customers, BNP Paribas will require full traceability of beef and soy (direct and indirect) channels by 2025.
- BNP Paribas Asset Management signed the **Cerrado Manifesto**¹², intended to protect the Brazilian Cerrado savannah and its exceptional ecosystem.
- Development of new **sustainable finance tools** that index the cost of financing to biodiversity issues, in order to encourage companies to adopt best practices. Thus, in 2019 and 2020, BNP Paribas has participated in several Sustainability-Linked Loans (SLL)¹³ and green bond issues including indicators and targets linked to biodiversity and more particularly to the preservation of forests.
- **Support for local projects aimed at preserving biodiversity**, fighting against deforestation (in particular REDD+¹⁴ projects) and sequestering carbon in soils and plants, with the implementation of a nature-based solution (NBS), in particular via its social business subsidiary ClimateSeed, which offers voluntary carbon credits from projects also having a positive impact on biodiversity (fight against deforestation, reforestation, etc.) or via the TLFF (Tropical Landscape Finance Facility) project in Indonesia (production of sustainable rubber tree, with part of the site's surface area set aside from cultivation to preserve biodiversity).

Contributing to reforestation

While it is a priority to fight against deforestation, it can also be useful in certain cases to carry out reforestation actions. Since September 2019, BNP Paribas has associated the marketing of certain structured products indexed on an ESG thematic index with the planting of trees. By the end of 2020, more than 2.5 million trees had been planted thanks to the support of BNP Paribas. At the local level, the Group supports various reforestation projects, depending on the specific challenges of each region.

Reducing the impact of real estate activities on net land artificialisation

Urban areas have more than doubled since 1992. This is in large part due to the growth of the world population and changes in lifestyles in emerging countries. However, soil artificialisation

¹¹ More information: <https://group.bnpparibas/en/press-release/bnp-paribas-defines-restrictive-policy-fight-deforestation-amazon-cerrado-regions>.

¹² <http://cerradostatement.fairr.org/>

¹³ With an SLL, the interest rates paid by the borrowing company depend on the achievement of objectives linked to sustainable development, and in particular to the environment: the rates are reduced if the company achieves its objectives and increase if this is not the case.

¹⁴ REDD+: Reducing Emissions from Deforestation and forest Degradation in developing countries (program of the UNFCCC; more information here: <https://redd.unfccc.int/>).



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tends to grow faster than population growth¹⁵: between 1981 and 2012, built and paved surfaces in France increased three times faster than the population. It is therefore important to fight against soil artificialisation and the associated fragmentation and destruction of natural habitats. It is also necessary to ensure that biodiversity regains importance in urban areas, both for its preservation and for the living comfort of urban populations (reduction of nuisances linked to heatwaves, whose frequency and importance increase because of climate change).

The real estate sector has a particular role to play, both to reduce its impacts and because biodiversity contributes to the phenomenon of urban resilience by bringing many benefits to cities, townspeople and buildings. **BNP Paribas Real Estate thus affirmed in 2020 in its Biodiversity Charter¹⁶ its "ambition to contribute to the reduction of the artificialisation of soils and to the development of biodiversity"**. BNP Paribas Real Estate is increasingly in dialogue with its clients to measure and minimize the net artificialisation linked to their real estate projects. BNP Paribas Real Estate integrates biodiversity into the projects it designs, rehabilitates, manages and occupies (ecological diagnosis prior to projects, integration of soil quality, reduction of impermeable surfaces, creation of planted arrangements for the storage and filtration of rainwater, revegetation of sites and buildings, environmental certification, label BiodiverCity¹⁷, etc.).

b) Direct exploitation of organisms: support for actions minimizing the consumption of resources, protection of the ocean

The second source of pressure on biodiversity, the overexploitation of certain natural resources has intensified in recent decades. These include, for example, available freshwater resources, forests, fish stocks or other species of wild flora and fauna, even beaches or other attractive natural places. To reduce this consumption of resources, the efficiency of their use is an essential first lever. Circular economy, which brings together all the practices that contribute to less use of resources without changing the services provided, appears to be one of the promising levers in this direction (in addition to reducing pollution linked to the production of waste, see pressure 4). In view of BNP Paribas's activities, the main levers for action to combat this pressure are as follows:

- Wishing to work with its clients to achieve SDG 14 ("Aquatic Life") for the conservation and sustainable use of the ocean, **BNP Paribas published in 2019 a specific position on the ocean protection¹⁸**. This position includes commitments in terms of the fight against overexploitation of fishery resources: BNP Paribas thus establishes a dialogue with its clients on fishing techniques and geographical areas, in line with the best standards and compliance with fishing quotas. BNP Paribas is committed to fight illegal, unreported and unregulated fishing, and supports sustainable management of fish stocks. The Group also asks its customers in the sector not to use dynamite or cyanide, driftnets over 2.5 km in length, electric fishing, or even bottom trawls over 800 meters depth.
- BNP Paribas only provides financial products and services to projects which do not participate in trade in products or species of plants or animals governed by the Convention on International Trade in Endangered Species of Wild Fauna and Flora extinction (CITES) and not having received CITES approval.

¹⁵ Commissariat général au développement durable (2018), Objectif « zéro artificialisation nette ». Éléments de diagnostic, Théma, n° 4, p. 4, <https://www.ecologique-solidaire.gouv.fr/sites/default/files/Th%C3%A9ma%20-%20Objectif%20z%C3%A9ro%20artificialisation%20nette.pdf>

¹⁶ Available online: <https://bnppre.isivalue.com/reporting/wp-content/uploads/2020/06/Charte-biodiversit%C3%A9-VF-DEF.pdf>

¹⁷ More information on label BiodiverCity: <http://cibi-biodiversity.com/biodiversity/>

¹⁸ For additional information: "BNP Paribas and ocean protection"

(https://group.bnpparibas/uploads/file/ocean_csrapublicposition_bnpparibas.pdf)



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- BNP Paribas participates in **innovative financing projects to protect overexploited resources and endangered ecosystems**, such as coral reefs; in 2020 the Global Fund for Coral Reefs¹⁹ was thus launched jointly by BNP Paribas, UNDP (United Nations Development Program), UNEP (United Nations Environment program), UNCDF (United Nations Capital Development Fund), the Paul G. Allen family Foundation, the Prince Albert II of Monaco Foundation and Pegasus Capital Advisors. This fund aims to raise and invest \$ 500 million in activities contributing to the protection and restoration of coral reef.
- BNP Paribas widely develops **products and services that promote the development of circular economy** in order to reduce the consumption of non-renewable resources (for example via its joint venture BNP Paribas 3 Step IT which aims at maximizing the lifespan of IT equipment)²⁰.
- **BNP Paribas does not finance any oil & gas exploration or production projects in the Arctic offshore zone²¹ or in the Arctic National Wildlife Refuge.**
- BNP Paribas supports projects to help farmers in emerging countries develop practices that are more respectful of the environment, in particular respecting biodiversity and soil quality. The Group is thus contributing to the MEbA ("Microfinance Ecosystem-based Adaptation") project developed by UNEP (United Nations Environment Program), through which microfinance institutions in several Latin American and sub-Saharan African countries are strengthening their management of the credit risk by integrating the resilience of their customers and by supporting them in the evolution of their agricultural practices and their management of biodiversity. BNP Paribas also signed a partnership with UN Women aimed at developing climate resilient agriculture and female entrepreneurship in northern Senegal: the Support Project for Women in Agriculture and Sustainable Development (PAFADD).
- Within its operational scope, BNP Paribas is committed in particular to **reducing its consumption of paper and to increasingly sourcing paper in a responsible manner** (recycled paper or paper from sustainably managed forests (i.e. recycled at more than 50% or labelled PEFC²² or FSC²³). In 2020, 74.6% of the paper consumed by the Group was considered as "responsible" (compared to 43.5% in 2012) and paper consumption amounted to 58 kg/FTE²⁴ (compared to 165 kg/FTE in 2012).
- Excessive meat consumption can also be a factor in the deterioration of biodiversity. BNP Paribas therefore promotes less meaty food among its employees: in France, the main manager of the Group's restaurants (which serves meals to an average of 18,000 Group employees every day of the year) offers, in all the restaurants it manages for the Group, every day of the week, **at least one vegetarian main dish**.

c) Climate change: environmental priority of the Group since 2011

According to IPBES, climate change is the third most important pressure in terms of biodiversity degradation. Since 1980, greenhouse gas emissions (GHG) have doubled, causing global average temperatures to rise by at least 0.7°C. Climate change has already an impact on nature, from the level of ecosystems to that of genetic diversity - an impact that is expected to increase

¹⁹ For additional information: <https://www.undp.org/content/undp/en/home/news-centre/news/2020/a-new-united-nations-multi-partner-trust-fund-for-coral-reefs.html>

²⁰ <https://bnpparibas-3stepit.fr/>

²¹ The Arctic region is here defined as the sea area most heavily covered by ice over a 12-month period. According to the National Snow and Ice Data Center, February to March is the peak period in terms of ice coverage. All regions covered with ice during this period are part of the definition given by BNP Paribas of the Arctic region.

²² PEFC: Programme de reconnaissance des certifications forestières.

²³ FSC: Forest Stewardship Council.

²⁴ FTE: Full Time Equivalent.



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over the coming decades and, in some cases, outweigh the impact due to land and sea use change and other pressure factors.

BNP Paribas has made the fight against climate change its environmental priority since 2011 and is carrying out numerous actions in this area²⁵. In this context, BNP Paribas is committed to aligning its credit portfolio with the climate objective of the Paris Agreement. This commitment is implemented in different ways:

- Co-development and implementation of a methodology, called PACTA (Paris Agreement Capital Transition Assessment), to **measure the alignment of the credit portfolio with the climate objective of the Paris Agreement**, in partnership with the think tank 2 Degrees Investing Initiative and other international banks²⁶;
- **Gradual phase-out of the highest-emitting energies**: unconventional oil and gas, thermal coal (complete phase-out of thermal coal in 2030 for the European Union and the OECD countries, in 2040 for the rest of the world);
- **Monitoring of the carbon intensity of the financed energy mix and maintaining this carbon intensity below the trajectory of the energy mix in the Sustainable Development Scenario (SDS) of the IEA (International Energy Agency)**, which is compatible with the Paris Agreement;
- **Acceleration of support for financing renewable energies**; at the end of 2020, the amount of financing for the renewable energy sector amounted to EUR 17.8 billion (against EUR 7.2 billion in 2015 and with a target of EUR 18 billion at the end of 2021);
- More generally, **support to all BNP Paribas' clients in their energy transition**, by offering them adapted products and services: investment products directed towards "green" investments, loans encouraging companies' ecological transition strategies, loans for individuals at subsidized rates for expenditure fostering energy transition (energy renovation of housing, purchase of a low-carbon vehicle, etc.), etc.
- BNP Paribas also reduces its carbon footprint on its operational scope (direct emissions, indirect emissions related to energy purchase and indirect emissions related to business trips) by reducing its energy consumption, by favouring the purchase of energy low-carbon (low-carbon electricity represented 75% of the Group's electricity purchases in 2020) and by offsetting its residual emissions, through the purchase of voluntary carbon credits (for example from the Kasigau project, led by the NGO Wildlife Works, which aims to preserve and restore 200,000 hectares of forest in Kenya).

d) Pollution: various actions, with a particular emphasis on pollution linked to plastics and cigarette butts

The fourth pressure listed by IPBES covers direct pollution from activities (chemical discharges, waste, noise, light...) or indirect pollution (waste following consumption of products, effect of products on the environment in which they are used, etc.). Plastic pollution, in particular, has increased tenfold since 1980. Around 300-400 million tonnes of heavy metals, solvents, toxic sludge and other wastes from industrial sites are dumped into the world's waters each year. Cigarette butts are also a major source of pollution: according to a study by the European Commission, cigarette butts are the most common plastic waste found on European beaches, just after plastic bottles²⁷ and the NGO SurfRider identified the cigarette butts as the main waste found in the environment, whether on beaches, sea beds, rivers or lakes.²⁸

²⁵ For more information, BNP Paribas' TCFD report for year 2019 is available online: https://group.bnpparibas/uploads/file/bnpparibas_tcf_report_en.pdf

²⁶ Methodology is available here: https://group.bnpparibas/uploads/file/credit_portfolio_alignment_vf.pdf

²⁷ Commission staff working document - Impact assessment: "Reducing Marine litter".

²⁸ Source: Bilan environnemental des initiatives océanes 2017 de SurfRider.



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In view of BNP Paribas's activities, the main levers for action to fight this pressure are as follows:

- BNP Paribas Asset Management offers its clients to invest in various **equity funds targeting companies that act in favour of the protection of the environment and the development of circular economy**. Thus the BNP Paribas Environmental Absolute Return Thematic Equity (Earth) fund favours the most promising companies and the most innovative, which provide solutions to the challenges of environmental transition, in the energy, materials, agriculture and industry markets. The BNP Paribas Easy ECPI Circular Economy Leaders fund invests in shares issued by companies selected from the industrial sectors most affected by the principles of the circular economy (recycling, extending the lifespan of products, etc.).
- Within BNP Paribas, a policy dedicated to the **fight against single-use petrochemical plastic** was published in 2019. It stipulates that the Group is committed to banning single-use fossil-based plastic from the work environment of its employees. This mainly concerns catering containers, office supplies and promotional items given by the Group.
- **By the end of 2017, BNP Paribas ceased its financing and investment activities relating to players in the tobacco industry.**

BNP Paribas is also developing transversal actions relating to biodiversity in order to maximize synergies with other players

Preserving biodiversity requires joint actions by all the actors involved and additional scientific progress to better understand the impacts of human activities on biodiversity, and better know how to measure and reduce these impacts. This is why BNP Paribas works extensively with its internal and external stakeholders to support R&D, raise awareness among all stakeholders and implement joint actions.

a) Specific partnerships

As with ecological transition in general, the preservation of biodiversity requires joint actions by all stakeholders. With this in mind, BNP Paribas is setting up targeted partnerships with various players in order to make its action in terms of biodiversity conservation more effective.

- **Development of “blended finance” structures**, in partnership with public, philanthropic and private actors: BNP Paribas takes part in the creation and development of impact funds such as the Global Fund for Coral Reefs (mentioned above) and the Sub-national Climate Fund (SCF). The latter is a global impact fund, size of \$ 650 million, which aims at developing sustainable and local infrastructure, resilient to climate change. The SCF will integrate nature-based solutions, especially in the agricultural sector.
- BNP Paribas supports many **institutions related to biodiversity**: IPBES (Intergovernmental science-policy Platform on Biodiversity and Ecosystem Services), FRB (French Foundation for Research on Biodiversity), MNHN (French National Museum of Natural History), ICRAF (International Centre for Research in Agroforestry), CIFOR (Center for International Forestry Research)'s Global Fund for Forests and Nature, etc.
- BNP Paribas participates in **collective actions** to foster knowledge, awareness and actions to preserve biodiversity: the act4nature Initiative launched in 2018²⁹, TNFD (Task force on Nature-related Financial Disclosures)³⁰, etc. BNP Paribas Asset Management is also a member of a group

²⁹ <http://www.act4nature.com/>

³⁰ We can also note that Antoine Sire, Director of Company Engagement and member of the BNPP Paribas executive committee is one of the three co-chairs of the Informal working group foreshadowing the TNFD.



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of asset managers that selected a consortium made up of Iceberg Data Lab and I Care & Consult to develop a tool allowing investors to measure the impact of their investments on biodiversity³¹.

- BNP Paribas also works with local actors **to preserve biodiversity**: Reforest'Action, WeForest, Foundation Tara Ocean, Earthworm, Natagora and Natuurpunt in Belgium etc.
- In 2020, the BNP Paribas Emergency & Development Fund expanded its range to include an **NGO specializing in animal protection**, IFAW (International Fund for Animal Welfare).

b) Supporting R&D and innovative start-ups

BNP Paribas supports numerous R&D initiatives:

- **Investment in start-ups**: at the end of 2015, the Group committed to invest EUR 100 million in innovative companies in the energy and ecological transition sector and support them in their growth. At the end of 2019, the Group had already invested in 10 start-ups specializing in energy and ecological transition and in three investment funds. In 2021, the themes were broadened, in addition to energy transition, to circular economy, sustainable food and preservation of biodiversity, with increasing resources (additional amount of EUR 150 million).
- In 2021, a new investment envelope exclusively dedicated to the protection and restoration of natural capital was created, for an amount of EUR 55 million. *A priori*, it will especially be dedicated to funds that will measure their impact in terms of biodiversity preservation.
- **Supporting environmental research**: The BNP Paribas Foundation, in particular via the Climate & Biodiversity Initiative³², has been supporting international research teams since 2010. It has already supported 27 research projects led by researchers, professors and engineers, for an amount of EUR 18 million. Between 2020 and 2022, the BNP Paribas Foundation will promote the 9 winning projects of its 4th call for projects launched in 2019, dealing with various issues related to interactions between climate and biodiversity, such as the impacts of melting glaciers on global biodiversity, the resilience of coastal ecosystems in the face of extreme climatic events or the reforestation of disturbed ecosystems...

c) Raising awareness among internal and external stakeholders

The BNP Paribas Foundation works also to raise awareness on the challenges of climate change and biodiversity. This is why it carries out various actions to raise awareness among its stakeholders (employees, customers, media and the general public), organising meetings between the scientific community and the general public: the “Bio-inspired” exhibition puts forward multiple ways of getting inspiration from living things to meet environmental challenges; Corals Matter explains the necessity to preserve marine biodiversity and coral reefs³³, etc.

BNP Paribas also makes its employees aware of these issues (inclusion of biodiversity in the “We Engage” training course intended for all employees, deployment of the Biodiversity Collage, etc.), organization of team buildings linked to biodiversity, such as cleaning up beaches and towns and planting trees as part of the One Million Hours to Help commitment, etc.).

May 2021

³¹ <https://mediaroom-en.bnpparibas-am.com/news/iceberg-data-lab-and-i-care-consult-selected-to-provide-first-of-its-kind-biodiversity-impact-measurement-tool-for-investors-e996-0fb7a.html>

³² For additional information: <https://group.bnpparibas/tempsforts/climate-biodiversity-initiative/projets>

³³ For additional information: <https://group.bnpparibas/actualite/fondation-bnp-paribas-association-science-technology-centers-astc-lancet-corals-matter>



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Appendix: Glossary

IEA: International Energy Agency

AZE: Alliance for Zero Extinction

Biodiversity or Biological Diversity: “Variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems” (CBD’s definition)³⁴

CBD: Convention on Biological Diversity

CIFOR: Center for International Forestry Research

CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora

EpE: Entreprises pour l’environnement

HCS: High Carbon Stock (Approach)

IPBES: Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services

ICRAF: International Centre for Research in Agroforestry

IFAW: International Fund for Animal Welfare

IUCN: International Union for Conservation of Nature

MEbA: Microfinance Ecosystem-based Adaptation

MNHN: Museum national d’histoire naturelle

Natural capital: Stock of biotic (i.e. communities of living organisms such as plants, animals and microorganisms) and abiotic (i.e. non-living environment) resources, part of which is renewable and the other no (fossil fuels, minerals and ores)³⁵

NBS: Nature Based Solution

NDPE: No Deforestation, No Peat, No Exploitation

PACTA: Paris Agreement Capital Transition Assessment

PAFADD: Projet d’Appui aux Femmes dans l’Agriculture et le Développement Durable

Ramsar (Convention): Convention on Wetlands of International Importance Especially as Waterfowl Habitat, named after the city of Ramsar (Iran), where the convention was signed in 1971

REDD+: Reducing Emissions from Deforestation and forest Degradation

SDG: Sustainable Development Goals

SDS: Sustainable Development Scenario (developed by IEA)

SLL: Sustainability Linked Loan

TLFF: Tropical Landscape Finance Facility

TNFD: Task force on Nature-related Financial Disclosure

UNCDF: United Nations Capital Development Fund

UNDP: United Nations Development Programme

UNEP: United Nations Environment Programme

UNEP-FI: UNEP-Finance Initiative

UNESCO: United Nations Educational Scientific and Cultural Organization

³⁴ <https://www.cbd.int/convention/articles/?a=cbd-02>

³⁵ https://www.wwf.fr/sites/default/files/doc-2019-10/20191023_Guide_Capital-Naturel-Stratégies-Organisations-Outils-min.pdf



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